

State of Rhode Island and Providence Plantations

Public Utilities Commission

Minutes of Open Meeting Held on December 13, 2001

Attendees: Chairman Elia Germani, Commissioner Kate Racine, Commissioner Brenda Gaynor, Steve Frias, Cindy Wilson, Thomas Massaro, Alan Nault, Doug Hartley and Luly Massaro.

Chairman Germani called the open meeting to order at 10:00 AM in the first floor hearing room of the Public Utilities Commission. A quorum was present.

Approval of Minutes of Open Meetings: Commissioner Racine moved to approve the minutes of open meetings held on October 24, 2001, October 25, 2001, November 9, 2001 and November 29, 2001. The motion was seconded by Commissioner Gaynor and unanimously passed. **Vote 3-0.**

Competitive Local Exchange Carriers (CLECs):

3408 - Fiber Technologies Network, Inc.

The above CLEC registered to operate in RI. The Division has reviewed the registration and recommends approval. After review, Commissioner Racine moved to approve the registration. The motion was seconded by Commissioner Gaynor and unanimously passed. **Vote 3-0.**

2535 - Cox RI Telcom, LLC (filing of 11/29/01)

3019 - OneStar Long Distance, Inc.

2449 - Brooks Fiber Communications of RI

2878 - Choice One Communications, Inc.

2618 - AT&T Communications of NE, Inc.

The above CLECs submitted tariff revisions. After review, the Commission followed the Division's recommendation that the tariff revisions be allowed to go into effect without suspension.

2535 - Cox RI Telcom, LLC - The company filed a request to withdraw its July 27, 2001 tariff filing to introduce Anonymous Call Rejection and Selective Call Acceptance. After review, Commissioner Racine moved to grant Cox's request. The motion was seconded by Commissioner Gaynor and unanimously passed. **Vote 3-0.**

2970 - Rhythms Links, Inc.

3207 - Troy City Internet Exchange, Inc.

The above CLECs ceased operations in RI and requested that their authority to operate be rescinded. After review, the Commissioner Racine moved to rescind the authority of the CLECs. The motion was seconded by Commissioner Gaynor and unanimously passed.

Vote 3-0.

Competitive Switchless Resellers (CSRs):

2262(P16) - Legacy Long Distance

2262(Q16) - Telecomez Corp.

2262(O16) - 1 COM, Inc.

2262(N16) - Weston Telecommunications

The above CSRs registered to operate in RI. The Division has reviewed the registrations and recommends approval. After review, Commissioner Racine moved to approve the registrations. The motion was seconded by Commissioner Gaynor and unanimously passed. **Vote 3-0.**

2262(L10) - PaeTec Communications

The above CSRs submitted tariff revisions. After review, the Commission followed the Division's recommendation that the tariff revisions be allowed to go into effect without suspension.

2262(Y12) - CommSouth Companies, Inc.

The above CSR ceased operations in RI and requested that its authority to operate be rescinded. After review, the Commissioner Racine moved to rescind the authority of the CSR. The motion was seconded by Commissioner Gaynor and unanimously passed.

Vote 3-0.

Interexchange Carriers (IXCs):

3406 - AT&T Communications of NE, Inc.

3407 - MCI WorldCom Communications, Inc.

The above IXCs submitted tariff revisions. After review, the Commission followed the Division's recommendation that the tariff revisions be allowed to go into effect without suspension.

Cancellation of Authority to Provide Telecommunications Services in RI:

"Regulations and Fee Schedules for Telecommunications Providers" sets forth annual assessment fees for telecommunications providers for costs incurred by the Commission and Division in docketing, investigation, and decision-making. These annual fees are due not later than August 1, 2001 and failure to comply will result in the revocation of authority. The Division filed a recommendation that the authority to operate of the following telecommunication carriers be cancelled and rescinded for non-payment of annual registration fee:

2262(C9) - ACS Systems, Inc.

2262(Q1) - ATCALL, Inc.

2262(P13) - Advanced Telecommunication Network, Inc.

2262(H4) - American Telecommunications Enterprise

2262(J3) - Blueshift Telecom, Inc.

2262(M12) - CONNECT!LD, Inc.
2262(K14) - Cash Back Rebates LD.com, Inc.
2262(U12) - Columbia Telecommunications, Inc.
2262(H14) - CyberSentry, Inc.
2262(J7) - Discount Call Rating, Inc.
2262(Q5) - Global Telephone Corp.
2262(H1) - IdeaDial Corp.
2262(B2) - Inacom Communications, Inc.
2262(J12) - International Exchange Communications, Inc.
2262(K11) - Legends Communications, Inc.
2262(Z3) - Long Distance Wholesale Club
2262(T11) - Maxxis Communications, Inc.
2262(S5) - NET-tel Corporation
2262(C11) - PNV.net, Inc.
2262(C5) - Parcel Consultants, Inc.
2262(G12) - Promise-Net International, Ltd.
2262(Y13) - ServiSense.com, Inc.
2262(V6) - TeleHub Network Services Corp.
2262(G9) - Teltrust Communications Services, Inc.
2262(U9) - Traffic Control LLC
2262(E7) - USA Tele Corp.
2262(W7) - United Services Telephone LLC
2262(B7) - VoCall Communications Corp.
1002 - AMNEX
2921 - Ameritech Pay Phone Services, Inc.
3183 - Evolution Networks North, Inc.
3172 - Global Broadband, Inc.
3062 - Global Telephone Corp.
3247 - HD Marketing LLC
2865 - HarvardNet, Inc.
3175 - IPVoice Communications, Inc.
2009 - Intergrated Strategies
2962 - JATO Operating Two Corp.
2824 - LBC Telephony, Inc.
2744 - NET-tel Corporation
3054 - NET-tel Corporation
3189 - Pathnet Operating, Inc.
3153 - Plan B Communications, Inc.
2804 - SouthNet Telecomm Services, Inc.
3186 - Telera Communications, Inc.
3122 - Telicor, Inc.
3202 - WorkNet Communications, Inc.
3264 - Zephion Networks Communications, Inc.
3149 - eVulkan, Inc.
After review, Commissioner Racine moved to cancel and rescind the authority to operate

of the telecommunications providers. The motion was seconded by Commissioner Gaynor and unanimously passed. **Vote 3-0.**

3405 - Verizon Rhode Island - The Company submitted an administrative tariff filing to revise certain product names so that a standard set of product names is used across the Verizon footprint. After review, the Commission followed the Division's recommendation that the tariff filing be allowed to go into effect without suspension.

3179 - Verizon Rhode Island - Verizon submitted its 2nd filing under the Price Regulation Successor Plan (PRSP). Under the plan, Verizon's tariffs and revenues are established by the application of a formula that contains three levels of safeguards. Based upon the formula calculation, Verizon's revenues would decrease by \$2,942,838 or 1.21%. Verizon's filing offered the following rate changes:

- A reduction to the local usage per message from \$0.027 to \$0.014.
- A decrease in the Business Link Local Usage Credits.
- An increase to the rates by approximately 5% for Directory Listing and Busy Line Verification Services.
- An increase of approximately 5% for selected local channel and interoffice mileage rates.

Verizon also agreed to continue to fund the data network access program for public and not-for-profit K-12 schools and public libraries, and the lifeline credit for low-income residential customers. These programs will be funded at the current commitment annual levels of up to \$2.0 million and \$2.5 million, respectively, through December 31, 2002.

After review, Chairman Germani moved to approve Verizon's 2nd annual filing under the PRSP. Commissioner Gaynor seconded the motion and added that Division and Verizon are negotiating another plan and requested that Verizon file a proposed plan by May 1, 2002. Commissioner Racine concurred. The motion was unanimously passed. **Vote 3-0.** The Commission noted Verizon's voluntary commitment to fund the data network access programs and lifeline credit would be beneficial to schools and libraries, and to lifeline recipients.

2967 - Global NAPs, Inc. - This docket relates to Global NAPs' petition seeking that the Commission order Verizon RI to comply with the reciprocal compensation obligation of its interconnection agreement entered with Global NAPs. Discussion of this docket was postponed.

3333 - Eastern Telephone Inc. - Discussion of this docket related to Eastern Telephone's petition seeking that the Commission order Verizon RI to file tariffs allowing for Resale of Voice Messaging. After review, Commissioner Racine moved to grant the petition.

Commissioner Gaynor seconded the motion and further order Verizon to file amendment to Tariff No. 15 based on the authority under state law to make these services available to resellers. Chairman Germani concurred. The motion was unanimously passed. **Vote 3-0.**

3402 - Narragansett Electric Co. – After a review of the Company's proposed rate changes and the record, Chairman Germani he moved to approve the following:

- To decrease to the Standard Offer from 5.5¢ to 4.662¢ per kWh based upon a 3-year rate calculation.
- To decrease to the transition charge from .988¢ to .874¢ per kWh.
- To decrease to the transmission adjustment charge from .411¢ to .063¢ per kWh.
- To retain the \$20 million credit provided to Narragansett as a result of selling its Standard Offer load responsibility until after the winter period. The Company proposes to assess the potential impact of fuel prices after the winter period before proposing how to apply this amount.
- To offset a Last Resort Service undercollection through September 30, 2001 of \$2.1 million against a Standard Offer over recovery of \$3.8 million. The remaining \$1.7 million Standard Offer over recovery would be used to reduce the Standard Offer rate that becomes effective at January 1, 2002.

The motion was seconded by Commissioner Gaynor and unanimously passed. **Vote 3-0.** The impact of the proposed changes as approved will represent a decrease of \$6.77 or 11.1%, for a residential customer using 500 kWh. The rate changes are approved effective January 1, 2002. The Commission noted that this decision would be the best policy for market interest, in view that there is no residential competitive market and that it would provide stability for a 3-year period to ratepayers.

3240 - Narragansett Electric Co. – In this docket, Narragansett filed a letter indicating that the parties have reached a settlement on the Company's DSM programs for 2002, however, the settlement was not fully executed. Narragansett requested that the Commission continue the current DSM programs for the interim until such time the Commission holds a hearing on the final settlement and also, requested for extension of time to file the settlement. After review, Commissioner Gaynor moved to approve the request to continue the current DSM programs and grant extension to December 31, 2001. The motion was seconded by Commissioner Racine and unanimously passed. **Vote 3-0.**

1673 & 1736 - NE Division of Southern Union – After a review of the Company's proposed rate changes, Chairman Germani moved to approve the following rate changes for effect December 15, 2001:

- To decrease to the Gas Charge Clause factor from \$0.4098 per Ccf to \$0.3585 per Ccf for residential customers in the Providence Gas service area. Also, GCC factors for Medium to Large C&I customers is reduced to \$0.7926 per Ccf, and for Extra Large C&I customers is reduced to \$0.7663 per Ccf. The impact of the decrease will result in a saving of 4% or \$21 to a residential heating bill with an average consumption of 140 Ccf per month.
- To decrease to the Purchase Gas Price Adjustment factor from \$0.2967 per Ccf to \$0.2639 per Ccf to residential customers in the Valley Gas service area. The impact will result in a saving of 3% or \$13 to a residential heating bill with an average consumption of 140 Ccf per month.

The motion was seconded by Commissioner Gaynor and unanimously passed. **Vote 3-0.**

3311 - Kent County Water Authority – This docket relates to KCWA's rate application to implement new rates designed to collect additional operating revenues in the amount of \$3,037,568 or 23.5%. A settlement was entered between KCWA and the Division to adjust the proposed rates to collect an additional \$1,820,684 of revenues or 15.8%. The agreed settlement amount will principally be used to fund \$24.7 million of anticipated debt for capital improvement projects, and two new positions.

After a review of the record, Commissioner Racine moved to approve the Settlement as filed. The motion was seconded by Chairman Germani and unanimously passed. **Vote**

Commissioner Racine summarized the record noting that a bulk of the increase sought is for capital improvements. She moved to approve the Settlement and highlighted other issues that were raised during the proceeding:

- That KCWA could be more customer friendly and improve customer relations in dealing with public.
- That KCWA develop a policy on a going forward basis that it will no longer sell vehicles to personnel of KCWA.
- Concurred with Division's witness Andrea Crane that KCWA, on a going forward basis, look at the health benefits that are being paid for employees, specifically for those who serve on a part-time basis.

- That the Harris Fire District letter making allegations against KCWA regarding the condition of its fire hydrants will be forward to the Division for further investigation.

3162 - Narragansett Bay Commission – The Commission discussed and ruled on the following pleadings:

1. NBC filed a request for extension of time until March 1, 2002 to file a Stormwater Rate Study to comply with the Commission's order. Commissioner Racine moved to NBC's request for extension of time. The motion was seconded by Commissioner Gaynor and unanimously passed. **Vote 3-0.**
2. NBC intends to file an abbreviated rate filing by December 31 and has filed a request to utilize the rate year from Dkt. 3162, calendar year 2001. The Division will submit a response to this request. Chairman Germani moved to grant NBC's request to utilize a rate year of 1/1/01 – 12/31/01. The motion was seconded by Commissioner Racine and unanimously passed. **Vote 3-0.**

There being no further business to discuss, the open meeting adjourned at 10:40 A.M.